

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 99-0420P

Individual Income Tax

Calendar Year 1998

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ISSUE(S)

I. **Tax Administration** – Bad Checks; penalty

Authority: IC 6-8.1-10-5(b); 45 IAC 15-11-5

Taxpayer protests the one hundred percent (100%) penalty assessed.

STATEMENT OF FACTS

Taxpayer, in a letter received on July 30, 1999 protested the bad check penalty assessed. Taxpayer states that his physical relocation occurred the end of March 1999 and regretfully his personal business was neglected due to the move. Inadvertently he wrote the tax check on one of his recently closed bank accounts. Taxpayer further states the notice sent to his home was apparently unnoticed and asks for leniency on the 100% penalty.

I. **Tax Administration** – Penalty

DISCUSSION

At issue is whether the taxpayer had reasonable cause in not submitting a returned check timely.

Taxpayer made a tax payment which was returned to the department for insufficient funds. The department presented the check twice for payment that was not honored by the bank. On June 29, 1999, the department notified the taxpayer that the bank returned the check and that the taxpayer had ten (10) days to remit the tax, penalty, and interest. The department, on July 20, 1999 issued its one hundred percent (100%) bad check penalty because the taxpayer did not respond. On July 30, 1999, the department received a letter from the taxpayer explaining the various reasons for the late payment.

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While taxpayer has supplied various reasons for failing to remit the tax, none of the reasons rise to the level of reasonable cause.

The department did not issue its one hundred percent (100%) penalty billing until July 20, 1999. The taxpayer paid the tax plus interest with the protest letter. IC 6-8.1-10-5 states the tax must be paid within the ten (10) day period.

The taxpayer has not shown reasonable cause for the waiver of the bad check penalty.

FINDING

Taxpayer's protest is denied.

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